

June 15, 2012

**Comments from the United Kingdom on Approval by mail: Vietnam Distribution Efficiency Project (IBRD)**

Dear Patricia,

Thank you for circulating the Distribution Efficiency Project proposal for Vietnam. We have a few questions we would like to ask of the project team. Please would you forward the following to the team.

- The proposal does not make clear the case for using concessional CTF financing for this project. Can financing not be raised through the IBRD, local banks, large customers or the power companies themselves, given the obvious benefits? Have previous attempts been made to get private finance to fund similar projects? It would be useful if you could explain this a bit further as well as how will the risk of oversubsiding will be reduced.

- Where will funding for wider replication come from? Is more public funding anticipated? Are there any plans to lever in private sector investment given the considerable costs of scaling this up? How will it become sustainable?

- Please can we have an explanation as to why the baselines and indicators set out in the Results Framework will be finalised during appraisal? Can the team also provide details of the methodologies that will be used to set them and measure them? The Results Framework does not track the impact on poor people nor is there any reference to how the poor will benefit from the project. Through which mechanism will the benefits be passed onto poor people? The indicators included also do not appear to tally closely with the CTF results framework and it would be useful to see the theory of change set out more clearly.

- Has any consideration been given to the negative employment impacts associated with reduced meter readers? This is low skilled work but employs a large number of people. What plans are there to reskill existing meter readers?

- Regarding the GHG benefits, what evidence/assumptions have been made for the 0.5% to 1% reduction in electricity sales. Would it be useful to track technology costs from the beginning to the end of the intervention so we could show how the project had made AML more affordable?

- The implementation of this ambitious project will require a highly qualified workforce with a wide range of skills. Is workforce availability a significant risk?

Kind regards,

Simon

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